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TO RUEHC/SECSTATE WASHDC IMMEDIATE 4642  
INFO RUCNCCAN/ALL CANADIAN POSTS COLLECTIVE PRIORITY  
RUEHBJ/AMEMBASSY BEIJING PRIORITY 2182

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DEPARTMENT FOR PM DAS SUCHAN

E.O. 12958: N/A

TAGS: PARM ETTC PREL KSTC CA

SUBJECT: CANADIAN RESPONSE TO DEMARCHE ON UNAUTHORIZED EXPORT OF U.S. ORIGIN CONTROLLED DATA TO PRC

REF: STATE 196891

¶1. (SBU) We conveyed reftel demarche to Department of Foreign Affairs and International Trade (DFAIT) Export Controls Division (ECD) Director Michael Rooney on December ¶11. At a follow up meeting on December 14, Rooney expressed appreciation for our decision to raise the matter with ECD and read the following points from a prepared text:

-- The fact is that there may have been serious potential violations of export law.

-- Government of Canada (GOC) officials are now in touch with Pratt & Whitney Canada and have started an investigation that could result in the cancellation of the export license.

-- The GOC would appreciate receiving any further information from the U.S. investigation of this case. In particular, the GOC is interested in obtaining information regarding precisely what United Technologies Inc. disclosed with respect to a GOC permit.

-- The GOC would also appreciate information on the very important matter of how and under what authority items were conveyed from Pratt & Whitney Canada to Hamilton-Sunstrand.

-- The GOC requests that the Department of State keep DFAIT/ECD apprised of any developments with respect to actions the Department might take with respect to the case, particularly sanctions or fines the Department might consider levying on a Canadian company or companies.

-- The GOC believes that the issue is in no way related to the ongoing and positive discussions our two governments are undertaking with respect to relief for dual nationals under ITAR.

¶2. (SBU) After reading the points, Rooney noted that ECD suspended Pratt & Whitney's export license on December 14 and emphasized that this action was based on the information presented in our demarche. He said he had raised the matter with Pratt & Whitney this week and his impression at this time was that the company would respond to his queries in an open and forthcoming manner. It would take some time, however, for ECD's investigation to run its course and for the GOC to make a final determination on the case. Rooney ended by stressing that GOC actions in this case reflected the serious manner in which it approached our shared objective of securing ITAR controlled unclassified items.

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<http://www.state.sgov.gov/p/wha/ottawa>

WILKINS